NCA
VOC FOR PGM/FN
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JOSEPH SULLIVAN

CHINA LOOKS OUTWARD

ANNCR:

AMONG PEKING'S RECENT OUTWARD-LOOKING FOREIGN POLICY ACTIONS IS AN EFFORT TO INCREASE ITS COMMERCIAL TIES IN THE BRITISH CROWN COLONY OF HONG KONG. VOA'S JOSEPH SULLIVAN HAS THIS BACKGROUND REPORT ON THIS AND OTHER CHINESE MOVES.

VOICE:

THE "FAR EASTERN ECONOMIC REVIEW" A HONG KONG-BASED WEEKLY, REPORTS THAT BRITAIN, HONG KONG AND CHINA ARE INVOLVED IN A COMPLEX THREE-WAY DEAL TO BUILD A MULTI-MILLION DOLLAR POWER PLANT TO BE LOCATED IN HONG KONG'S NEW TERRITORIES AREA. THE NEW TERRITORIES ARE HELD BY BRITAIN UNDER A NINETY-NINE-YEAR LEASE FROM CHINA WHICH EXPIRES IN 1997. AS PART OF THE DEAL, BRITAIN WOULD SELL POWER EQUIPMENT FOR THE PLANT TO HONG KONG AND UP TO SIX HUNDRED MILLION DOLLARS WORTH OF COAL-MINING EQUIPMENT TO CHINA. CHINA, IN TURN, WOULD PROVIDE SOME THREE AND ONE HALF MILLION TONS OF COAL ANNUALLY TO FUEL THE HONG KONG POWER STATION, AND WOULD EVENTUALLY PURCHASE ELECTRICITY FROM HONG KONG FOR THE CITY OF CANTON AND OTHER URBAN AREAS IN CHINA'S KWANGTUNG PROVINCE.

ACCORDING TO THE "FAR EASTERN ECONOMIC REVIEW," THE MOST CONVINCING EVIDENCE OF PEKING'S COMMITMENT TO HONG KONG'S ECONOMIC VIABILITY IS TO BE FOUND IN CHINA'S INCREASING INVESTMENTS IN THE CROWN COLONY. INDEED, IT'S ESTIMATED THAT CHINA CURRENTLY CONTROLS SOME TWO THOUSAND MILLION DOLLARS WORTH OF INVESTMENTS IN HONG KONG.

"WALL STREET JOURNAL" CORRESPONDENT FRANK CHING REPORTS FROM HONG KONG THAT PEKING HAS EXPRESSED INTEREST IN COOPERATING WITH

AMERICAN AND OTHER FOREIGN COMPANIES IN ESTABLISHING MANUFACTURING FACILITIES IN HONG KONG AS WELL AS IN THE NEIGHBORING PORTUGUESE COLONY OF MACAO AND IN CHINA ITSELF. HE SAYS THAT TALKS BETWEEN PEKING'S TRADE REPRESENTATIVE IN HONG KONG AND A REPRESENTATIVE OF THE NATIONAL COUNCIL FOR U.S.-CHINA TRADE HAVE BEEN GOING ON SINCE MAY. (OPT) AND HE NOTES THAT AN OFFICIAL CHINESE NEWSPAPER RECENTLY PUBLISHED AN ARTICLE THAT PROMOTED THE CONCEPT OF JOINT VENTURES WITH FOREIGN COMPANIES. THE ARTICLE CITES SIMILAR SOVIET EXPERIENCES OF THE 1920'S AS A PRECEDENT THAT CHINA COULD FOLLOW WITHOUT VIOLATING ITS MARXIST PRINCIPLES. (END OPT)

THE PRESIDENT OF THE NATIONAL COUNCIL FOR U.S.-CHINA TRADE, CHRISTOPHER PHILIPPS, HAS ALSO PROVIDED SOME DETAILS OF CHINESE PROPOSALS FOR JOINT BUSINESS VENTURES WITH FOREIGN FIRMS. IN A MEMORANDUM SENT TO ALL COUNCIL MEMBERS, MR. PHILIPPS SAID THE CHINESE ARE WILLING TO DISCUSS DIFFERENT FORMS OF COOPERATION, INCLUDING CO-PRODUCTION ARRANGEMENTS. AMERICAN COMPANIES, HE SAID, WOULD EXPORT TECHNOLOGY, KNOW-HOW, EQUIPMENT, AND IF NECESSARY, RAW MATERIALS. IN RETURN, CHINA WOULD SELL SOME OR ALL OF THE FACTORY'S OUTPUT BACK TO THE U.S. COMPANIES. THE CHINESE, ACCORDING TO MR. PHILIPPS, HAVE SAID THAT AMERICAN MANAGERS, ENGINEERS, INDUSTRIAL DESIGNERS AND OTHER PERSONNEL COULD LIVE ON THE SITES OF THEIR PROJECTS IN CHINA. (OPT) MISTER PHILIPPS PLANS TO VISIT CHINA TO DISCUSS THE QUESTION OF COOPERATIVE ARRANGEMENTS WITH THE MINISTRY OF FOREIGN TRADE. (END OPT)

CHINA'S WILLINGNESS TO ENTER INTO JOINT DEVELOPMENT VENTURES IN HONG KONG IS ALSO SEEN BY SOME OBSERVERS AS AT LEAST A TACIT GESTURE BY PEKING THAT IT IS PREPARED TO SEE THE STATUS OF HONG KONG AS A CROWN COLONY CONTINUE BEYOND THE EXPIRATION OF THE BRITISH LEASE AT THE END OF THIS CENTURY.

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